

ARLINGTON FINANCE COMMITTEE  
MINUTES OF MEETING  
O'NEAL ROOM  
3/25/15

ATTENDEES:

Deyst*	White*	Caccavaro*	Kellar*	McKenna*
DeCoursey*	Wallach*	Simmons*	Gibian*	
Tosti*	Foskett*	Bayer*	Duvadie*	
Kardon*	Beck*	Jones*	Deshler	
Franclemont	Howard*	Fanning*	Carman*	Turkall*

VISITORS: Town Manager Adam Chapdelaine

MINUTES of 3/23 approved as corrected. Unanimous

ART 25 RESCIND BORROWING: The Thompson accounts are not yet closed and should not be rescinded.

VOTED, on motion by CPC, \$4,338, 547. Unanimous.

ART 26 SEWER FINANCING: W&SSubCom(Gibian) recommended an interest free MWRA loan for sewer maintenance. VOTED \$1,000,000. Unanimous

ART 27 WATER MAINS FINANCING: W&SSubCom(Gibian) recommended an interest free MWRA loan for water facility maintenance. VOTED \$900,000. Unanimous

ART 28 MINUTEMAN TECH: The school has increased its assessment by \$487 based on the latest news from the state house. VOTED to reconsider the vote of 3/2 and to approve \$4,010,950. 14-3.

ART 32 PUBLIC ART MA AVE CORRIDOR: Chapdelaine, using a handout (Ref 1), requested funding for a process to select an artist to design public art to be erected along Mass Ave as part of the reconstruction. He has worked with the Commission on Art and Culture and the Public Art Committee of Vision 2020 to develop this project. Funds for the art itself are not included. During the considerable discussion, members expressed concern with this use of public funds, with the cost of maintenance and vandalism, with traffic enforcement being a better use of funds. Chapdelaine responded, w/ support from members, that Arlington already spends public funds on art as do neighboring towns, that private funds might pay for the art itself, that insurance might protect the Town from major loss, that traffic enforcement is ineffective. He argued that public art invigorates commercial neighborhoods.

VOTED \$12,000 13-5

ART 41 OVERLAY RESERVE SURPLUS: VOTED \$350,000 as recommended by the Assessors. This money will be used to balance the budget. Unanimous.

SOLAR POWER: Chapdelaine, using a handout (Ref 2), responded to concerns expressed by members when he first discussed this project on 3/11. He reviewed the process used to select the company that will install & operate the panels. He engaged a lawyer to review the proposed contract who suggested several changes to protect the Town. These changes were accepted by the contractor. One such change was a 10 day down time per school per year for roof maintenance with no penalty to the Town. Chapdelaine continues to believe that this is a low risk project which will save the Town \$200k a year on electricity costs.

VOTED to support the project 13-5.

OTHER MATTERS: Arlington may get \$118k from the state to fix potholes. The Mugar want to build a large 40B housing development w/ parking on the drier part of their holding in the east. They would apply for a conservation easement on or make a gift of the rest of this property.

BUD 20 EDUCATION: There was a brief discussion on SPED in Monday's presentation & budget.

MOTION to table until School Committee returns with better SPED information failed 5-11-2

MOTION to reduce appropriation \$1m failed 5-10-3

VOTED \$53,574,114 13-4-1

Members to send additional questions to EducationSubCom(Fanning) who will consolidate & request answers.

BUD 20 HEALTH INSURANCE FinanceSubCom(Kellar) recommended a revised budget (Ref3) increased because of 20 new contracts w/ GIC. He discussed each line item. He noted that the opt out program saves the Town \$750k. VOTED \$15,364,582. Unanimous.

BUD 20 LIABILITY INSURANCE FinanceSubCom(Kellar) recommended the budget as printed. It is level funded from FY15. VOTED \$995,000. Unanimous

W&S EF:

SEWER COLLECTION SYSTEM W&SSubCom(Gibian) recommended a revised budget (Ref4). VOTED \$10,402,816 Unanimous

STORM SEWERS W&SSubCom(Gibian) recommended the budget as printed.

VOTED \$226,000 Unanimous

WATER DISTRIBUTION: W&SSubCom(Gibian) recommended a revised budget (Ref 5).

VOTED \$7,225,177 Unanimous

W&S PROPERTIES: W&SSubCom(Gibian) recommended the budget as printed

VOTED \$1,924,382. Unanimous

W&S REVENUE: W&SSubCom(Gibian) recommended the budget as printed.

VOTED \$19,868,449. Unanimous

W&S UPDATE W&SSubCom(Gibian), using a handout (Ref 6), reviewed 2 issues: unaccounted water (usage not increasing as fast as other towns) and water rates (increase in billable water).

W&S OFFSETS: Carman & Gibian provided a memo (Ref 7) from the Deputy Town Manager.

This memo gives the % of each department's budget attributed to W&S work in a study done by Powers & Sullivan in 2010. These percentages will be updated as necessary and applied to FY17 budgets.

VOTED to permit Jones & Tosti to correct clerical errors w/o further vote by the FinCom.

Unanimous

COMMITTEE: The next mtg will be 4/13 to finish the report, The Chair urged the 6 members who have not completed conflict of interest training to do so soon.

RESERVE FUND: \$715,005

Peter Howard 3/28/15 Revised 4/13/15

Ref 1 Mineo Proposal

Ref 2 Solar Power Proposal Follow Up

Ref 3 Group Health Budget

Ref 4 Sewer Collection System Budget

Ref 5 Water Distribution Budget

Ref 6 W&S Update

Ref 7 W&S Offsets



## PROPOSAL for PUBLIC ART PROCESS

GRAFTON STREET AND CLEVELAND STREET INTERSECTIONS AT MASS. AVE.  
ARLINGTON, MA

Submitted by Jean R. Mineo  
Dec. 2014

## OVERVIEW

This is a preliminary concept proposal for Arlington, MA to assist with a public artist selection process for the intersections of Grafton and Cleveland streets at Mass. Ave.

The area includes the Capitol Square / East Arlington Business District, the Edith M. Fox Library, a post office, residential units, and a variety of retail stores, restaurants, and service providers.

Arlington Public Art (APA) has requested a proposal to coincide with improvements to the area implemented by the Mass DOT's East Arlington Massachusetts Avenue Rebuild Project. The public art project is separate, but concurrent to the Rebuild Project. Due to weather, the Rebuild is winding down for the winter. Work is expected to resume in April, 2015 to upgrade infrastructure and improve safety through new traffic signals, road paving, sidewalks, bike lanes, and bump-outs for pedestrians. The Rebuild Project should conclude in 2015.

Given the timing and scope of the Rebuild Project, two approaches for public art can be considered:

1. **Artist Designed Element:** an artist is selected as the lead designer for a specific element such as lighting, seating, pavements, bike racks, trash receptacles, etc. that can be found in the Rebuild Project plans. Mineo would consult with Mass DOT to identify opportunities and budgets, and then with APA and site users to identify themes and assets to address. The artist may assemble a team of related professionals (architects, engineers, etc.). This could be pursued in conjunction with, or independently of, the Rebuild Project.
2. **Site Specific Project:** an artist is commissioned independently of the Rebuild Project to create a sit-specific project. Mineo would consult with APA, site users and community members to confirm opportunities for projects and identify themes and assets to address. The result is a specific element(s) that is conceived and fabricated by the artist and installed at the site. The elements are installed independent of the Rebuild Project.

The goals (to be refined by the community) could be for the artwork to create a unifying factor along Mass Ave, while at the same time, distinguishing each corner or block from one another and enhancing the pedestrian experience. Public art should create strong, meaningful connections between people and places that are important to community and civic life. The consultant is committed to a transparent process and to using best practices in public art planning and implementation.

The outcome of the work, depending on the final scope could include:

- Concept development: create the framework for public art, establish selection committee, establish ownership and maintenance oversight
- Site analysis: study locations and develop consensus on site-specific criteria

- Budget and Funding: establish budget, review available and needed funding sources
- Artist selection: define and manage the process for artist review
- Community engagement: develop a public review process and communications strategy based on APA and community resources
- Design review and permitting: initiate review process by the appropriate agencies
- Maintenance and conservation: plan review and oversight process
- Fabrication and installation: establish partnership with the artist and owner and oversight of the schedule and budget

The project may be phased.




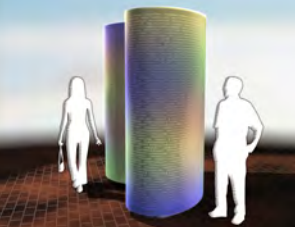



## **CREDENTIALS**

Jean Mineo has managed both temporary outdoor sculpture exhibitions and permanent public art projects in the Boston area since 1998 including site specific, architecturally integrated, and monumental works with art budgets up to \$250,000. She assists clients at every level of planning from conceptual development through fabrication and installation.

Mineo holds a Master's Degree in Arts Administration and has been Director of the cooperative Boston Sculptors Gallery since 2006 where she manages 36 sculptors representing a wide range of media, in 14 solo exhibitions annually. From 2006 – 2009, Mineo ran the Jamaica Plain Open Studios (220 artists at 70 sites) and oversaw more than 30 exhibitions of contemporary art during her tenure as Executive Director of the New Art Center in Newton (1994 - 2003) where she increased the staff three-fold and doubled both the budget and student population.

As a volunteer, Mineo just completed six years with the Medfield Cultural Council and chairs both the Downtown Cultural District Committee and the Cultural Alliance in Medfield. She is an advisor to the Medfield State Hospital Master Planning Committee.

**Jean Mineo**  
**SELECT WORK SAMPLES**

	<p><b>Pipeline</b> (Medfield, MA) 2014 Ideas Competition to reuse water pumps (c 1890s) as functional or decorative art in a new park overlooking the Charles River, for non-profit Art In Public Places.</p>
	<p><b>Women in Movement</b> (South Station, Boston, MA) 2014 Open Call (195 applicants) and artist selection process Feb., 2015 for interior installation with non-profit Women in Transportation International Seminar, Boston Chapter.</p>
	<p><b>Freedom Home</b> (Dorchester, MA) 2014 Open Call (144 applicants) and artist selection process for non-profit Vietnamese American Initiative for Development completed Nov. 2014. Artist: Juanjo Novella (Spain)</p>
	<p><b>Wisdom Lines</b> (Back Bay, Boston, MA) 2012 Open Call and artist selection process for non-profit Rosie's Place. Currently seeking approval from Boston Art Commission. Artist: Deedee Morrison (AL).</p>
	<p><b>Poe Returning to Boston</b> (Poe Square, Boston, MA) 2011 Open Call (265 applicants), artist selection process for non-profit Edgar Allan Poe Foundation of Boston, achieved Boston Art Commission approval, secured grants of \$130,000. Artist: Stefanie Rocknack (NY). Installed Oct. 2015.</p>
	<p><b>Constant</b> (Patrick Lyndon Pilot School, West Roxbury, MA) 2007 Open Call (33 applicants), artist selection process for Boston Public School (grades K – 8). Artist: Ralph Helmick (MA). Installed: Aug. 2013.</p>
	<p><b>Serpentine Fence</b> (Jamaica Plain, MA) 2007 Open Call, artist selection process for non-profit JP Center South Main Streets. Artist: Beth Galston (MA) in collaboration with Ray Dunetz Landscape Architecture. Installed: 2010.</p>

### **PRELIMINARY SCOPE OF WORK**

*To be refined and phased as appropriate, (assumes January start, Consultant is flexible)*

<p>Phase I: Planning (Jan. – Feb.)</p> <ol style="list-style-type: none"><li>1. Review Rebuild project plans</li><li>2. Project Meeting with APA, define goals and concept</li><li>3. Two meetings to define maintenance and ownership</li><li>4. Identify Selection Panel</li><li>5. Define artist selection process</li><li>4. Establish project timeline</li><li>6. Establish art budget, review funding options</li><li>7. Two community / stakeholder meetings</li></ol>	<p>23 hours \$3,450.</p>
<p>Phase II: Artist Selection and Community Engagement (Mar. – June)</p> <ol style="list-style-type: none"><li>1. Establish selection criteria</li><li>2. Develop guidelines (RFQ, RFP or Invitational)</li><li>3. Identify artist pool or promote Call to Artists</li><li>4. Schedule and facilitate two artist selection meetings</li><li>5. Facilitate one site visit</li><li>6. Monitor and communicate with artists</li><li>7. Support community outreach strategy</li><li>8. Facilitate one public meeting for artist interviews / presentations</li><li>9. Facilitate public input</li></ol>	<p>32 hours 4,800.</p>
<p>Phase III: Reviews and Approvals (July – Aug.)</p> <ol style="list-style-type: none"><li>1. Advise on contract with the selected artist(s)</li><li>2. Liaison with artist during initial design phase and preparation for proposal presentation for approval</li><li>3. Facilitate two review meetings</li><li>4. Liaison with artist during Conservator review</li><li>5. Communicate maintenance requirements</li><li>6. Project documentation</li></ol>	<p>15 hours 2,250</p>
<p>Phase IV: Fabrication and Installation (TBD)</p> <ol style="list-style-type: none"><li>1. Establish partnership with the artist and owner</li><li>2. Establish and monitor schedule, budget</li><li>3. Liaison with artist during fabrication</li><li>4. Advise on insurance</li><li>5. Advise on permitting</li></ol>	<p>Not included</p>

<p>Other <b>Potential</b> Project Costs, not included</p> <ol style="list-style-type: none"> <li>1. Artist proposal development stipend \$ 1,000. (each)</li> <li>2. Promotion of Call up to \$ 1,000.</li> <li>3. Administrative / office / promotion expenses \$ 250.</li> </ol>	<p>To be determined</p>
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Exclusions:

1. Communications including press releases, website maintenance, social media outlets and other promotional vehicles are the responsibility of APA or another appropriate agency.
2. Fund raising, grant writing, etc. is not included in this scope of work.
3. Fabrication and Installation is dependent upon successful fund raising, and is not included in this scope of work.

**BUDGET**

Total Hours 70 x \$ 150 / per hour = \$ 10,500

(Note: there are no additional fees for consultant's travel and office expenses)

**PAYMENT SCHEDULE**

The project will be billed monthly based on hours worked up to the assigned amount for each phase.

*Thank you for considering my proposal and for the opportunity to work on this exciting project with you!*





**Town of Arlington  
Office of the Town Manager**

**Adam W. Chapdelaine**  
Town Manager

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**To:** Members of the Finance Committee

**From:** Adam Chapdelaine, Town Manager

**RE:** Solar Power Purchase Agreement – Follow Up

**Date:** March 24, 2015

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I am writing to the committee in follow up to the discussion held at its meeting on March 11, 2015 in regard to a proposed Solar Power Purchase Agreement (PPA) between the Town and Ameresco. I very much welcomed the discussion and feedback that I received during said meeting, and I aim to address any remaining concerns via this memorandum and further discussion at this Wednesday's meeting.

**Background**

To start, I would like to provide further background on this project that I should have presented in my prior memorandum to the committee. The Town was a participant in two (2) competitive procurements that granted access to solar developers for projects such as the one proposed by Ameresco. In order to analyze the results of the procurements and also to assist the Town in the negotiation of the PPA with the selected developer, the Town applied for an Owner's Assistance Technical Assistance Grant (OATA) from the State's Department of Energy Resources (DOER). The Town was successful in this grant application and was awarded a \$12,500 grant to hire

a consultant to provide the Town technical assistance. This allowed the Town to engage with the Cadmus Group, a firm with demonstrated expertise in working with Massachusetts municipalities on similar solar projects. Cadmus, working with the Town's Regional Energy Manager (Ruthy Bennett), analyzed the procurements based on a series of specific criteria and questions that were provided to each vendor and ultimately decided that Ameresco's approach and general terms were more advantageous to Arlington.

Following the selection of Ameresco, Cadmus and Ruthy Bennett began working with Ameresco on the scope of the project and then eventually began to negotiate the PPA. This negotiation involved reviews by Town Counsel, experts at Cadmus, and also reviews performed by members of the Town's Energy Working Group, one of whom has a professional background in renewable energy and another who has negotiated a similar agreement in another community. This negotiation took place over the course of several months, and resulted in a proposed agreement that is more advantageous to Arlington than the original proposal.

### **Responding to Concerns**

Moving to the present, several members of the Finance Committee expressed concern in regard to the PPA and Arlington's protections contained therein. It was also suggested that perhaps an outside counsel with a specialization in this subject matter be retained for a further review of the PPA. In order to address these concerns, the Town engaged Attorney Kevin Batt, of the firm Anderson/Kreiger to perform a further review aimed at addressing the concerns raised by members of the Finance Committee. Attorney Batt has performed this review and has provided a list of items for tightening and clarification that he suggests the Town pursue to further protect its interests. The Town will pursue these issues with Ameresco and will not sign the PPA until the concerns are adequately addressed. Among the areas of concern expressed by committee members that are being addressed are the following:

- **Liability** – Ameresco will be required to carry insurance adequate to cover damages to Town property caused by their negligence.

- **Assignment** – Ameresco will not be able to assign or transfer this project to another entity without the consent of the Town. Similarly, should Ameresco default with their lender, the PPA will hold the lender to the terms of the PPA.
- **Detrimental Changes in Law** – Though the PPA already provided the Town with strong protections regarding changes in law, Attorney Batt's suggested changes strengthen these protections.

There are other issues that the Town will pursue at the advice of Attorney Batt, and I would be happy to provide the committee with further detail and documentation upon request.

Another area of concern expressed by members of the committee involved the financials of the project and the cost/benefit of entering into such an agreement versus purchasing and owning the panels ourselves. In order to address this concern, we have performed cash flow analysis for each approach and found that over the course of the 20 year agreement, the PPA approach is approximately \$900,000 more advantageous than the Town buying and owning the panels. This is based on the installed price of \$2,595,315 as provided by Ameresco. The main reason that the PPA approach is more advantageous is the fact that Ameresco as a private entity will receive tax credits for the owning and operating the system that Arlington would not receive if it owned the system. Similar to the legal aspects mentioned earlier, I would be happy to provide further detail to any interested committee member.

Overall, I stand by the contention that this is a project which holds high a level of potential reward for Arlington with a low degree of risk. Solar energy is a proven technology that has provided cities and towns across the Commonwealth with significant financial benefits over the past decade. Towns such as Natick and Lexington have already completed PPA projects on their Town and School buildings and are now actively pursuing further projects to enhance the amount of solar energy and financial savings that they are able to produce year over year. The projected savings as presented to the committee represent a nearly 10% reduction in School electricity billing, and I feel strongly that such an amount of savings is worth pursuing. Please feel free to reach out to me with any questions or concerns that you may have, and otherwise I look forward to meeting with you on Wednesday.

	2013 act.	2014 act.	2016 budget	2016 request	# Δ	% Δ	offset
	Actual	Actual	Budget	Request	\$ Change	% Change	Offset
<b>0191487 GROUP HEALTH INSURANCE</b>							
5190 OFFSETS	(750,993)	(986,388)	(683,992)	(713,411)	(19,419)	2.80%	(713,411)
5700 MEDICARE PENALTY	18,303	15,861	18,000	18,000	-	-	-
5703 OPT OUT PROGRAM	218,548	230,918	233,996	245,995	11,999	5.13%	-
5704 INSURANCE: GROUP HEALTH	12,439,389	12,752,347	13,573,204	14,472,394	899,190	6.62%	-
570401 HCHP EMPLOYEE SHARE	(1,371)	-	-	-	-	-	-
57041 EMPLOYEE HEALTH MITIGATION FD	500,000	200,000	200,000	200,000	-	-	-
5705 INSURANCE: GROUP LIFE	45,850	51,744	55,000	63,633	8,633	-	-
5706 MEDICARE PAYROLL TAX	857,155	929,926	974,723	974,723	-	-	-
5709 FLEXIBLE BENEFIT PLAN	53,326	48,084	50,800	103,248	52,448	103.24%	-

0191487 GROUP HEALTH INSURANCE 13,378,186 13,240,493 14,411,731 14,411,731 952,851 6.61% (713,411)

13,378,186 13,240,493 14,411,731 ↓ 952,851 6.61% (713,411)  
15,364,582

Group Health Insurance - 2016

Ref 4

	2013 Actual	2014 Actual	2015 Budget	2016 Request	\$ Change	% Change
<b>6505006 SEWER COLLECTION SYSTEM</b>						
5101 SALARIES & WAGES	471,818	463,682	500,192	522,857	22,665	4.53%
<b>SUBTOTAL SEWER COLLECTION SYSTEM</b>	<b>471,818</b>	<b>463,682</b>	<b>500,192</b>	<b>522,857</b>	<b>22,665</b>	<b>-</b>
<b>6505013 INDIRECT CHARGES - SEWER</b>						
5701 WORKERS COMP COST	6,000	6,000	6,000	6,000	-	-
5702 UNEMPLOYMENT COMPENSATION	1,500	1,500	1,500	1,500	-	-
5707 RETIREMENT COSTS	450,271	477,995	507,479	535,390	27,911	5.50%
5713 HEALTH BENEFITS	306,399	365,189	276,459	282,378	5,919	2.14%
5903 INDIRECT COSTS	242,866	251,698	273,622	295,319	21,697	7.93%
<b>6505013 SUBTOTAL INDIRECT CHARGES - SEWER</b>	<b>1,007,036</b>	<b>1,102,382</b>	<b>1,065,060</b>	<b>1,120,587</b>	<b>55,527</b>	<b>-</b>
<b>6505082 SEWER COLLECTION EXPENSES</b>						
5202 MAINTENANCE	35,802	24,927	70,000	70,000	-	-
5211 ENERGY	13,295	14,460	29,000	29,000	-	-
5218 TRAINING	-	-	2,000	2,000	-	-
5224 OTHER SUPPLIES	15,694	27,463	24,000	24,000	-	-
<b>6505082 SUBTOTAL SEWER COLLECTION</b>	<b>64,791</b>	<b>66,850</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>
<b>6505011 MWRA ASSESSMENT - SEWER</b>						
5630 MWRA ASSESSMENT	7,404,065	7,661,286	8,006,000	7,997,138	(8,862)	-0.11%
<b>6505011 SUBTOTAL MWRA ASSESSMENT - SEWER</b>	<b>7,404,065</b>	<b>7,661,286</b>	<b>8,006,000</b>	<b>7,997,138</b>	<b>(8,862)</b>	<b>-</b>
<b>6505002 SEWER DEBT SERVICE/SEWER CAPITAL</b>						
5760 SEWER DEBT SERVICE - PRINCIPAL & INTEREST	373,495	415,409	341,763	406,818	65,055	19.04%
5760 SEWER DEBT SERVICE - MWRA LOAN PROGRAM	-	-	156,640	130,416	(26,224)	-16.74%
5580 SEWER REHAB	48,130	305,959	500,000	100,000	(400,000)	-
5580 REHAB WATER MAINS	-	-	-	-	-	-
<b>6505002 SUBTOTAL DEBT SERVICE/SEWER CAPITAL</b>	<b>421,625</b>	<b>721,368</b>	<b>998,403</b>	<b>637,234</b>	<b>(361,169)</b>	<b>-</b>
<b>TOTAL SEWER COLLECTION SYSTEM</b>						





# Water & Sewer update fy 2016

- I. Unaccounted water
- II. Water Rates and Usage
- III. Articles & Budgets

# Water & Sewer update fy 2016

## I. Unaccounted water

- Largest factor is Leaks in 100+ year old system
  - Annual town wide leak surveys identify leaks not surfacing or otherwise unnoticed.
  - Leak repair strategy is biggest leaks found get fixed first
- Older meters are also a factor, may be undercounting
  - Meter replacement program in place
- Annual Hydrant Flushing
- Believes progress is being made as seen by MWRA assessment
  - not going up as much as other towns while our billable water usage has increased
- Of other note
  - Public buildings are metered for water usage (even Thompson spray park)
  - The town sewage (total sewage) is metered by the MWRA



# Water & Sewer update fy 2016

## II. Water rates and usage

- 15-20% increase in billable water usage in FY15
  - significantly higher than expected revenue
  - Arlington is using more billable water than last year, yet is using less than other MWRA towns per current assessment
- Will wait for another year to see if trend holds before considering rate adjustment.
- Usage may be due to better economy and/or Symmes/Brigham developments
- Could result in surplus of \$3M to increase balance of fund to about \$5.5 M.

# Water & Sewer update fy 2016

## III. Articles and Budgets

- Article 26: \$1,000,000 for (MWRA) financing of sewer work.
  - The total amount for sewer work is \$1,100,000 : \$100,000 will come from cash, article is for the borrowed amount.
  - sewer improvement incentives combines 25% grants and 75% interest free loans
  - Only replace about 1 mile of water mains a year out of 120 miles
- Article 27 is \$900,000 for (again, MWRA) financing of Water Main Work.
  - total amount for water work will be \$1,000,000: \$100,000 will come from cash.
  - 100% interest free loans (no grants)
- Specific budget items
  - Health benefits
  - Reclass position: MEO into Water Systems Maintenance Craftsman
  - GIS Coordinator funding reduced
  - Water/Sewer enterprise fund goal/guideline is approx 30% of budget

# Water & Sewer update fy 2016

- Recommend vote to approve Articles 26 & 27
- Recommend vote to approve budgets as revised for Health Benefits

Thank you,  
W&S Subcom



**Town of Arlington  
Office of the Town Manager**

Andrew P. Flanagan  
Deputy Town Manager

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TO: Dean Carman & Grant Gibian  
FROM: Andrew P. Flanagan, Deputy Town Manager  
DATE: March 2, 2015  
RE: Water & Sewer Offsets

**Background**

The Town contracted with its auditing firm, Powers & Sullivan, in 2010 to update the formulas for calculating Water & Sewer (W/S) Indirect Offsets and DPW Salary Offsets. Since FY 2012, the formula for calculating these offsets has been fixed (with the exception of three instances described in more detail below). The formula consists of a percentage of a department's time attributable to the water and sewer operation which is then multiplied by the department's prior year budget as approved by Town Meeting. Below are two tables that show the percentage used for each department:

<b>Indirect Offsets</b>		
Postage		0.17292527
Board of Selectmen		0.05889726
Town Manager		0.19109640
Human Resources		0.04826449
Information Technology		0.18110592
Comptroller		0.08363325
Treasurer/Collector		0.10852982
Legal		0.19175800
<b>DPW Salary Offsets</b>		
Administration		0.50000000
Engineering		0.62000000
Highway (without S.Waste)		0.20000000
MER		0.30000000

Appendix A provides a more detailed calculation of the budget used to calculate the offset and the application of the percentages included in the tables above for FY 2012 through FY 2016 (as proposed).

It is important to note that there are three instances since FY 2012 in that the formula for a specific department was modified. I have highlighted each of these instances in yellow. The detail of each instance is as follows:

**Instance # 1 & 2**

In preparation of the FY 2015 budget, the Finance Committee voted to reduce the IT offset by \$7,000 and subsequently increased the Treasurer's offset by \$7,000. The purpose of this decision was to mitigate the cost impact associated with the outsourcing of bill printing. Therefore, the formulas for both the IT and Treasurer offsets were not applied as in previous years.

**Instance # 3**

In preparation of the FY 2016 budget, the percentage used to calculate the Treasurer's offset was increased from 10.85% to 13.89% as a result of the transition to quarterly water/sewer billing. The amount of the increase was determined in conjunction with the Treasurer's Office which indicated that the amount of time attributable to water/sewer billing would increase for several members of staff.

**Impact as a Percentage of the Water & Sewer Enterprise Budget**

Appendix B shows both indirect and DPW salary offsets as a percentage of the W/S Budget from FY 2008 through FY 2016. The total percentage of indirect and salary offsets fluctuates year to year as a result of (+/-) in the Water & Sewer budgets and the year over year increases in general fund operating budgets that provide support to the water & sewer function. It should be noted that some years, sharp increases in departmental budgets are a result of a multi-year impact of negotiated collective bargaining agreement. For example, the FY 2015 offsets (calculated based on the FY 2014 budget) increased substantially because the FY 2014 Operating Budget included employee cost of living increases for both FY 2013 and FY 2014.

**FY 2016 W/S Indirect Offsets**

If the three instances described above did not occur, meaning that the IT & Treasurer offsets were not modified in FY 2015 and the workload attributable to W/S billing in the Treasurer's Office was not expected to increase in FY 2016, the increase in indirect offsets would have been 3.71% or \$1,149.68 greater than a 3.5% increase which would have been consistent with the growth of the General Fund Operating Budget from FY 2014 – FY 2015.

**FY 2016 and Beyond**

The Town recognizes that we are a different organization than we were in 2010. Departmental staff have been reconfigured and positions have been added or replaced that require different skill sets and may contribute to the W/S Enterprise in a different way than they had before. With that being said, the Town will work with Powers & Sullivan in advance of the FY 2017 budget planning cycle to update the formulas used to calculate the offsets charged to the W/S Enterprise Fund.

I am happy to answer any questions or provide any additional information you think will be helpful to your budget review and deliberations.

	2013 Actual	2014 Actual	2015 Budget	2016 Request	\$ Change	% Change
<b>WATER/SEWER ENTERPRISE</b>						
4972 TRANSFER FROM GENERAL FUND	(5,883,814)	(5,593,112)	(5,593,112)	(5,593,112)	-	-
421000 USER CHARGES RECEIVABLE	(11,994,022)	(13,660,310)	(13,954,027)	(13,954,027)	-	-
421100 WATER LIENS	(154,771)	(185,118)	(189,945)	(189,945)	-	-
421400 LIEN COSTS	(13,466)	(16,728)	-	-	-	-
421900 INTEREST & PENALTIES	(36,255)	(37,949)	(48,337)	(48,337)	-	-
422900 CONNECTION FEES	(30,700)	(23,750)	(83,028)	(83,028)	-	-
4800 A.M.R. REPLACEMENT	(6,668)	(23,784)	-	-	-	-
USE OF RETAINED EARNINGS	(930,421)	(741,194)	-	-	-	-
<b>TOTAL WATER/SEWER REVENUE</b>	<b>(19,050,117)</b>	<b>(20,281,944)</b>	<b>(19,868,449)</b>	<b>(19,868,449)</b>	<b>-</b>	<b>-</b>